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Via ECFS

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

**Re: *Expanding the Economic and Innovation Opportunities of Spectrum
through Incentive Auctions, GN Docket No. 12-268***

Dear Ms. Dortch:

VTel Wireless, Inc. (“VTEL”) by its attorneys, and pursuant to Section 1.1206 of the rules, 47 C.F.R. §1.1206, urges the Commission to license the 600 MHz band on the basis of Cellular Market Areas (“CMAs”). Licensing the 600 MHz band on the basis of CMAs will allow for broad participation in the incentive auction by wireless carriers and broadcasters. Increasing auction participation will foster innovation and competition, maximize auction revenues, and promote the deployment of services –particularly the deployment of wireless broadband to rural areas. Achieving these objectives would serve the public interest and help achieve Congress’s and the Commission’s goals, not the least of which is to provide adequate funding for FirstNet.

VTEL currently is deploying a 4G network throughout rural Vermont, western New Hampshire, and upstate New York. VTEL and its affiliates have participated in and acquired spectrum in numerous FCC Auctions, which is critical to VTEL’s ability to provide wireless broadband services to customers in the rural areas it serves.

The auction of the 600 MHz band presents an excellent opportunity for the Commission to further promote wireless broadband deployment, particularly in rural areas where next generation wireless services are often lacking. But for the goal of increased rural broadband deployment to be realized, the Commission should license the 600 MHz band on the basis of CMAs. CMAs represent the most manageable geographic area for small carriers, which are the entities most committed to serving rural America.

Furthermore, auctioning the 600 MHz band on a CMA-basis will maximize revenues from the auction. As discussed by Competitive Carriers Association (“CCA”), Bluegrass Cellular, U.S. Cellular, and others, the results of past auctions demonstrate that auctioning spectrum on a CMA basis increases bidding activity and auction revenues.¹ Auctioning the 600 MHz band on the basis of smaller geographic areas also affords the greatest flexibility in the reclamation and repurposing of the spectrum, thus maximizing the amount of spectrum auctioned and raising overall auction revenues.²

By contrast, auctioning the 600 MHz band on the basis of Economic Areas (“EAs”) or other large geographic areas will effectively eliminate participation by small and rural entities and delay the deployment of broadband services to rural areas. It also would likely reduce the amount of spectrum repurposed and revenue generated pursuant to the auction.

Were the Commission to auction the 600 MHz band on the basis of EAs, VTEL would have to attempt to bid on three (3) EAs covering significant portions of seven (7) states in order to acquire 600 MHz band spectrum in the regional area that VTEL serves.³ This means that VTEL would have to bid for licenses that also cover New York City and Boston in order to acquire 600 MHz band spectrum to provide services in Vermont and New Hampshire, which would be a difficult, if not impossible, task. VTEL and other small wireless providers lack the financial wherewithal to bid in large metropolitan markets that are likely to be of primary interest

¹ See *Ex Parte* Letter from Rebecca Murphy Thompson, General Counsel, Competitive Carriers Association to Marlene H. Dortch, Secretary, Federal Communications Commission, at p. 5, filed June 28, 2013 in WT Docket No. 12-69 *et al.* (“CCA Letter”), *citing* Testimony of Steven K. Berry, President and CEO, Competitive Carriers Association, “Competition at the Crossroads: Preventing Duopoly in Today’s Wireless Marketplace,” U.S. Senate Committee on Commerce, Science and Transportation, Subcommittee on Communications, Technology, and the Internet at 8-9 (June 4, 2013) (“Berry Testimony”) (“With smaller geographic areas, more carriers are able to bid for licenses, and the increased number of bidders leads to higher revenue.”); *Ex Parte* Letter from Leighton T. Brown, Counsel for U.S. Cellular to Marlene H. Dortch, Secretary, Federal Communications Commission, filed July 15, 2013 in GN Docket No. 12-268; *Ex Parte* Letter from Ron Smith, President Bluegrass Cellular, to Marlene H. Dortch, Secretary, Federal Communications Commission, at p. 2, filed July 10, 2013 in GN Docket No. 12-268 (“Bluegrass Letter”).

² See *Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions*, Notice of Proposed Rulemaking, 27 FCC Rcd 12357 at ¶ 146 (2012) (expressing concern that licensing the spectrum on the basis of large geographic areas would constrain the amount of spectrum offered and prevent spectrum from being put to its highest valued use). The costs of overcoming any potential implementation challenges in running an auction for a large number of licenses are far outweighed by the benefits of reclaiming as much broadcast spectrum as possible for repurposing and sale in the forward auction.

³ VTEL would have to bid on the following EAs, based on 1995 EAs, which the Commission has used to license other services: BEA003 – Boston-Worcester, MA-NH-RI-VT, BEA004 – Burlington, VT-NY and BEA010 – NYC-Long Island, NY-NJ-CT-PA-MA-VT.

to the four nationwide wireless carriers. Moreover, tight financial markets further constrain the ability of small providers to obtain capital to attempt to bid on EA or larger markets.

Licensing the 600 MHz band on the basis of EAs or larger areas would severely limit VTEL's ability to meaningfully participate in the incentive auction, and would almost certainly prevent other small entities from participating in the incentive auction at all.⁴ As a result, auctioning the 600 MHz band on an EA-basis would significantly diminish auction participation, bidding activity, and prices, which effectively would result in a windfall to the few very large carriers able to participate in the auction.

Auctioning the 600 MHz band on an EA or larger basis also would delay the deployment of wireless broadband service to rural areas because the large wireless carriers have little or no incentive to serve the rural areas included within the large geographic license areas. VTEL and other similarly situated rural carriers have a vested interest in providing high-quality, affordable services in their local communities, and have a proven track record of deploying services in these rural areas, which are frequently overlooked by the larger, nationwide players. In order to promote wireless broadband deployment throughout the United States, including rural areas, the Commission must ensure that small entities such as VTEL have an opportunity to participate in the auction in a meaningful way.

In order for the incentive auction to succeed and to achieve Congress's and the Commission's goals, the Commission must encourage the broadest possible participation. To do so, the Commission must offer 600 MHz band licenses on the basis of CMAs.

Respectfully submitted,
Herman & Whiteaker, LLC

A handwritten signature in dark ink, appearing to read 'G. Whiteaker', with a long horizontal flourish extending to the right.

Gregory W. Whiteaker
Counsel for VTel Wireless, Inc.

cc (via email): Mr. Gary Epstein
 Ms. Ruth Milkman
 Mr. Jim Schlichting
 Mr. John Leibovitz
 Ms. Susan Singer
 Mr. Tom Peters
 Mr. Brett Tarnutzer
 Mr. Joel Taubenblatt

⁴ Although VTEL previously successfully acquired an EA license for the Burlington, VT-NY EA in Auction 66, this license covers only a portion of VTEL's service area.